

CITY OF COLORADO SPRINGS TAX GUIDE

SERVICE SALES

Businesses primarily engaged in providing a service generally do not have to collect the City of Colorado Springs sales tax on that service. Charges for labor or services to install, apply, remodel or repair tangible personal property are not taxable, as long as the charge for the service is separately stated on the invoice to the consumer from any tangible personal property furnished as part of the service. If no separation is made, City sales tax applies to the total amount of the sale.

Businesses that render a service or perform a service contract must pay sales tax or report use tax on purchases of tangible personal property used, stored, or consumed in Colorado Springs in the performance of their services.

EXAMPLES

1. Joe's Garage performs oil changes and invoices their customers for \$29.95: \$11.95 for oil and the oil filter, and \$18.00 for labor. Joe's Garage is required to collect sales tax on \$11.95 from their customers.
2. Bob's Garage charges a flat \$29.95 for a standard car oil change. Bob's Garage must collect sales tax on \$29.95 from their customers.
3. ABC Payroll & Tax Service provides forms and tax reports to its clients in the performance of its service. The tangible personal property transferred is incidental to the service and is therefore not subject to sales/use tax. Instead, ABC must pay sales or use tax at the time of its purchase of the blank forms and reports.
4. XYZ Beauty Salon uses tangible personal property such as shampoos, hair conditioners, and hair curlers in the performance of its services. In addition, XYZ sells these items by the bottle, jar, and package at retail. XYZ must pay sales/use tax on those items used or consumed in rendering its service. XYZ must collect and remit sales tax on the all retail sales.

Note: In the examples above, the supplies used by the business to perform their services, i.e. shop rags, cleaning material, office supplies, etc. are all subject to sales or use tax to the business providing the service. If there is a separate charge to the customer for these supplies, it is a charge for the sale of tangible personal property and is taxable to the customer.

RELATED TAX GUIDE TOPIC

Automotive Service and Repair Parts and Supplies

CS Code Section 2-7-102: LEGISLATIVE INTENT
CS Code Section 2-7-104: WORDS & PHASES DEFINED
CS Code Section 2-7-201: IMPOSITION OF TAX
CS Code Section 2-7-301: LEVY OF TAX IN GENERAL
CS Code Section 2-7-311: SALES MADE OUTSIDE THE CITY
CS Code Section 2-7-312: TANGIBLE PERSONAL PROPERTY
CS Code Section 2-7-438: SERVICE SALES
CS Code Section 2-7-805B: SPECIAL ACCOUNTING

THE ABOVE INFORMATION IS A SUMMARY IN LAYMAN'S TERMS OF THE RELEVANT CITY OF COLORADO SPRINGS TAX CODE FOR THIS INDUSTRY OR BUSINESS SEGMENT. IT IS NOT INTENDED FOR LEGAL PURPOSES TO BE SUBSTITUTED FOR THE FULL TEXT OF THE CITY OF COLORADO SPRINGS SALES AND USE TAX ORDINANCE.

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